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9 February 1953

MEMORANDUM FOR: Mr. Cutler

SUBJECT : Statement of Chinese Maritime Trade

1. In an earlier memorandum on the above subject, forwarded under date of 4 February 1953, it was estimated on the basis of our most recent coordinated studies that the tonnage moving into China by sea, except from the Soviet Far East, was approximately 3,000 tons per day.

2. At the National Security Council Senior Staff meeting last Thursday, Captain Layton of Admiral Radford's intelligence staff presented certain figures respecting China shipping which appeared to be in startling contrast with the foregoing. Since that meeting, pursuant to your request, representatives of the CIA have met with Captain Layton and members of the staff of the Office of Naval Intelligence (ONI). ONI was brought into the discussion because of the primary role it played in furnishing the data on which the underlining coordinated estimates were prepared.

3. As a result of these discussions, we are prepared to make a tentative upwards adjustment of the figure on tonnage moving into China by sea, except from the Soviet Far East, to 4,200 tons per day.

4. The following factors have been considered:

a. A different tonnage conversion formula was used in our coordinated studies from that used in Captain Layton's estimate. That inconsistency has now been eliminated. This reduced his estimate by 2,000 tons per day.

b. Another portion of the discrepancy is attributable to the fact that Captain Layton's figures were based upon arrivals in Chinese ports and may have included considerable double counting. There were deducted from his figures, by agreement, 1,000 tons per day to eliminate this possibility.

c. Inclusion of ocean-going vessels under 1,000 tons, which have always been excluded from coordinated studies, added 200 tons per day to the CIA figure.

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d. The major upward adjustment in the CIA figure was made on the basis of photographic evidence from the CINCPAC continuous air search which had not previously been made available in Washington. This has been tentatively taken as 1,000 tons per day.

e. By far the greater part of the difference between the CIA figure and the figures presented by Captain Layton was due to the fact that he included approximately 9,500 tons per day of Orbit Asiatic coastal traffic which has never been included in coordinated studies as to the volume of China trade. No opinion is expressed as to the validity of Captain Layton's estimate on this point.

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5. In the event that it is desired to communicate with the [redacted] on this subject, it is suggested that reference be made to the fact that newly discovered evidence, as well as the upward trend noted in our prior memorandum, may well require an adjustment of previous joint studies on the volume of such trade. Attention is also called to the fact that a [redacted] respecting China trade is planned and can be scheduled to convene during March. It may well be desirable to have this confirmed.

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6. With respect to the application of the figures referred to above, your attention is called to Special Estimate 27, published 5 June 1952, entitled "Probable Effects of Various Possible Courses of Action with Respect to Communist China," the pertinent conclusions of which are attached. We believe that irrespective of any likely changes that are made in tonnage figures, these conclusions are generally still valid. But in view of the time which has elapsed since the preparation of this Estimate, it is desirable to have the subject reexamined at this time, and this is being done.

[Handwritten signature]

JOSEPH E. HECKER

Deputy Director/Intelligence

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